

Message Text

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INFO AMCONSUL JOHANNESBURG
AMCONSUL CAPE TOWN
AMCONSUL DURBAN

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E.O. 11652: N/A
TAGS: BFOL, SF, BEXP

SUBJECT: REPORT ON COMMERCIAL RESOURCE ALLOCATION GUIDE (CRAG)
FOR FY 1976

REF: USDOC 19561; PRETORIA 5177

1. THE FOLLOWING FY-1976 REPORT ON CRAG REFLECTS DISCUSSION
AT THE ECONOMIC/COMMERCIAL CONFERENCE HELD IN PRETORIA DECEMBER
14-15. REPORT COVERS FIVE QUARTERS FROM JULY 1, 1975, TO
SEPTEMBER 30, 1976.

2. OBJECTIVES OUTLINED IN FY-1976 CRAG WERE SUBSTANTIALLY
FULFILLED DESPITE PERMANENT STAFFING LOSSES, INCLUDING SHIFT
OF SECOND E/C OFFICER POSITION JOHANNESBURG TO PRIMARILY POLITI-
CAL, CHANGE OF DURBAN E/C SLOT TO POL/ECON AND LOSS OF ONE FSL
POSITION BY ECONOMIC SECTION PRETORIA. IN ADDITION TO THOSE
EXPORT SERVICES CONTEMPLATED IN CRAG, CONSIDERABLE RESOURCES
WERE DEVOTED TO CATALOG DISPLAYS ON HEALTH CARE IN JOHANNESBURG
AND CAPE TOWN AND UPDATING OF OVERSEAS BUSINESS REPORT BY
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JOHANNESBURG AND PRETORIA.

3. FACTORS NOT FULLY ANTICIPATED IN FY-1976 CRAG INCLUDE
(A) POLITICAL TURMOIL IN SOUTHERN AFRICA AND DOMESTIC UNREST
IN SOUTH AFRICA WHICH AFFECTED EMPHASIS GIVEN TO VARIOUS
COMPONENTS OF CRAG PROGRAM; AND (B) FIRST SERIOUS RECESSION IN

SOUTH AFRICA IN POST-WORLD WAR II PERIOD.

4. ALTHOUGH WE HAVE NO ACCESS TO US DATA ON TRADE WITH SOUTH AFRICA IN 1976, STATISTICS FROM SA SOURCES GIVE IMPRESSION US MARKET SHARE IS HOLDING UP. (DURING FIRST NINE MONTHS OF 1976, SA IMPORTS FROM "AMERICA," OVER 95 PERCENT OF WHICH IS US, ROSE 32 PERCENT IN RAND TERMS WHILE SA IMPORTS WORLDWIDE WERE UP ONLY 10 PERCENT. SINCE CAPITAL GOODS AND TRANSPORT EQUIPMENT PREDOMINATE, IT IS PROBABLE FULL EFFECT OF SA RECESSION NOT YET REFLECTED IN THESE RESULTS.

5. IMPORT DEPOSIT SCHEME IMPOSED IN AUGUST 1976 AND REDUCED IMPORT LICENSE QUOTAS WERE MAIN ACTIONS TAKEN BY SA AFFECTING US IMPORTS. BELIEVE, HOWEVER, LATTER STEP, WHICH APPLIED MOSTLY TO CONSUMER PRODUCTS, HAD MINIMAL EFFECT. DEPOSIT SCHEME IS SCHEDULED TO END FEBRUARY 1977 AND, IN VIEW IMPROVED SA BALANCE OF PAYMENTS RESULTS THIRD QUARTER, WE BELIEVE IT WILL BE LIFTED AS PROMISED.

6. E/C CONFERENCE NOTED DISCREPANCIES BETWEEN RESOURCE ALLOCATION SHOWN IN CRAG AND ACTUAL TIME SPENT IN VARIOUS ACTIVITIES BY E/C OFFICERS. SPECIFICALLY 260 OFFICER MAN-DAYS ON MARKET SURVEYS PROVED TO BE HIGH, AS DID 63 MAN-DAYS ON TRADE POLICY AND 350 ON MAJOR PROJECTS. FOLLOWING WERE TOO LOW: CERP REPORTS (125 FSO MAN-DAYS), PUBLICATIONS (5), VISITORS 660), TRADE OPPORTUNITIES (0). ALSO, SPECIAL REQUESTS SUCH AS OBR METRIC STANDARDS, LABOR GUIDELINES, ETC. NOT PROVIDED FOR AND INSUFFICIENT TIME ALLOCATED FOR UPDATING US AFFILIATES LIST. BELIEVE FY-1977 CRAG, WHICH JUST RECEIVED BY JOHANNESBURG, MAKES ADJUSTMENT FOR SOME OF THESE DIS-LIMITED OFFICIAL USE

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CREPANCIES.

7. IN ADDITION TO SHIFTS IN ASSIGNED PERSONNEL, A FACTOR IMPINGING ON CRAG IS GREATLY INCREASED REPORTING NEEDS ARISING FROM INTERPLAY OF POLITICAL AND ECONOMIC FORCES IN SA, INCLUDING POTENTIAL EFFECTS OF FURTHER ECONOMIC ISOLATION, CAPITAL INFLOW AND INVESTMENT PICTURE, PRESSURES BY SA BUSINESSMEN ON GOVERNMENT, BLACK ECONOMIC DEMANDS, US ECONOMIC LEVERAGE AND ROLE OF US FIRMS IN SA, DRAIN ON ECONOMY FROM MILITARY SPENDING, ASSESSMENT OF HOMELANDS ECONOMIC POLICIES, SA ECONOMIC RELATIONS WITH NEIGHBORING STATES, ETC. THESE REQUIREMENTS, WHICH ARE IN LINE WITH 1976 INSPECTION REPORT ON SOUTH AFRICA, WILL PLACE ADDED DEMANDS ON OFFICERS RESPONSIBLE FOR IMPLEMENTING FY-1977 CRAG.

8. AS CRAG ANTICIPATED, CONSIDERABLE TIME WAS DEVOTED TO UPDATING DATA ON LABOR PRACTICES OF US AFFILIATES, ON URGING FIRMS TO LIBERALIZE TREATMENT OF NON-WHITE EMPLOYEES, AND PREPARING MATERIAL NEEDED IN CONNECTION WITH CONGRESSIONAL

HEARINGS. NOTWITHSTANDING ARRIVAL OF NEW LABOR OFFICER JOHANNESBURG, WE ANTICIPATE THIS TOPIC WILL IN FY-1977 CONTINUE TO ABSORB TIME OF ECON/COMMERCIAL STAFF AT ALL POSTS, PLUS AMBASSADOR AND OTHER OFFICERS OF MISSION AND CONSULATES. MOREOVER, COMMERCIAL SECTION JOHANNESBURG OBLIGED TO PROVIDE SECRETARIAL HELP TO LABOR OFFICER.

9. AS FORESEEN IN CRAG, WE ASSISTED IN STAGING TRADE FAIR AND CATALOG SHOW IN SWAZILAND AND EXHIBIT AT US PAVILION IN GABORONE. THESE NECESSITATED HEAVY INVESTMENT OF TIME BY COMMERCIAL OFFICER JOHANNESBURG.

10. AT E/C CONFERENCE QUESTION WAS RAISED OF WHETHER HIGH COST AND STAFF TIME DEVOTED TO CATALOG SHOWS COULD BE JUSTIFIED IN TIME OF SEVERE RECESSION. DISAPPOINTING TURN-OUT IN BOTH CAPE TOWN AND JOHANNESBURG FOR RECENT MACHINE TOOL EVENT DESPITE INTENSIVE PUBLICITY EFFORTS BOTH POSTS IS CASE IN POINT. WAS AGREED MATTER SHOULD BE FURTHER LIMITED OFFICIAL USE

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REVIEWED AFTER FEBRUARY 1977 CATALOG DISPLAY ON PRINTING AND GRAPHIC ARTS.

11. PRACTICAL DIFFICULTIES FOR US FIRMS BIDDING ON SAG TENDERS OWING TO TIME ELEMENT (BID USUALLY REQUIRED WITHIN ONE MONTH) WAS NOTED BY ALL POSTS. AGREED WAS VIRTUAL NECESSITY FOR US FIRMS TO HAVE SA AGENT TO BID COMPETITVELY.

12. DURING E/C CONFERENCE, PRETORIA DESCRIBED ITS EFFORTS TO RE-CAST MONTHLY ECONOMIC REPORT TO EMPHASIZE MACRO-ECONOMIC DEVELOPMENTS, TO TAKE UP INDIVIDUAL COMPANY ACTIONS ONLY AS THEY AFFECT LARGER PICTURE, AND TO REDUCE OVERALL LENGTH. CONSENSUS WAS THAT MONTHLY FORMAT NOT WELL ADAPTED TO CURRENT REPORTING PRIORITIES IN SA AND OTHER ALTERNATIVES SHOULD BE PROPOSED TO STATE AND COMMERCE. THIS WILL BE SUBJECT OF SEPARATE MESSAGE.

13. ADEQUACY OF COMMERCIAL LIBRARIES AND FUNDING OF NEW PUBLICATIONS WILL ALSO BE SUBJECT OF SEPARATE MESSAGE.

14. ECON/COMMERCIAL CONFERENCE FOR FIRST TIME INCLUDED REPRESENTATIVES FROM EMBASSIES AT MASERU, MBABANE, GABORONE AND MAPUTO. EXPERIMENT WAS FOUND TO BE HIGHLY USEFUL AND WE INTEND TO PROVIDE FOR EXPANDED ROLE OF THESE POSTS IN SUBSEQUENT E/C CONFERENCES. REPS FROM BLS COUNTRIES ALL STRESSED WIDE ECONOMIC, CULTURAL AND POLITICAL DIFFERENCES AMONG THEM AND GROWING DILEMMA POSED BY CLOSE ECONOMIC TIES WITH SOUTH AFRICA AT TIME WHEN POLITICAL RIFT IS WIDENING. JOHANNESBURG EXPECTS TO BE ABLE TO CONTINUE COMMERCIAL SUPPORT TO THESE POSTS DESPITE TIGHTER STAFFING AND

HAS OFFERED ON-THE-JOB TRAINING FOR THEIR FSL STAFF.
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